

# LOGIC: West Yorkshire & The Humber



Q2 2023

Occupier and investment market trends in the West Yorkshire & the Humber logistics and industrial sector.

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# Occupier Market

## Solid first half of 2023 as industrial development pipeline boosts pre-let activity

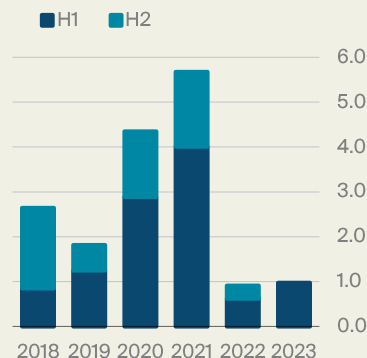
### REBOUND IN INDUSTRIAL OCCUPIER TAKE UP

The industrial and logistics market in West Yorkshire & the Humber continues to perform well, despite the wider economic uncertainty. Take up reached 482,100 sq ft in Q2 2023 across five deals (units over 50,000 sq ft). This brings the half yearly total to 978,200 sq ft, 59% higher than H1 2022 and surpassing the volume recorded for 2022 as a whole, with two quarters still to go.

With 12% of all available space (existing and under construction), under offer, this trend is set to continue into Q3.

Notable deals in Q2 included Onward Holdings' 63,980 sq ft fully renovated Good Hope Close unit in Normanton, which was let to Apelson Appliances. In addition, the 211,364 sq ft 'Voltaic' warehouse, situated on Wakefield 41 Industrial Estate, was let to XPO. Furthermore, the entirety of Towngate PLC's 244,000 sq ft Copperworks 2 building in South Leeds has been fully let to three separate occupiers since the turn of the year.

Take up (sq ft)  
million square feet



Source: Knight Frank Research

### UPLIFT IN PRE-LET ACTIVITY

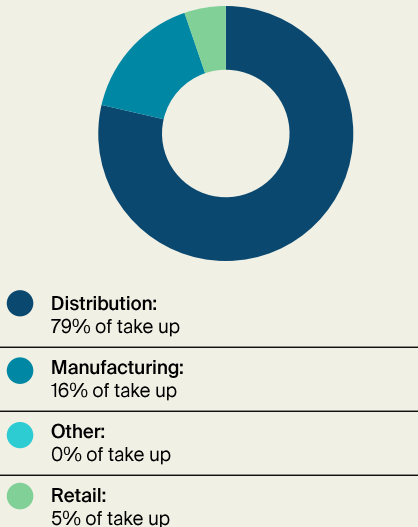
Take up for the twelve months to end-June 2023 stood at 1.3 million sq ft. This compares to 2.3 million recorded over the same four-quarter period last year, as the market adjusts from the chronic undersupply of available stock seen in the market last year, which led to record low take up levels.

Pre-let activity accounts for almost one-third of take up in the year to Q2 2023. In contrast, no pre-let deals had completed in the comparable period last year.

### DISTRIBUTION FIRMS MOST ACTIVE

The past year has seen distribution firms dominate take up in West Yorkshire & the Humber, accounting for 79% of the annual total and up from 38% over the comparable period last year. Manufacturers comprise a further 16%, compared to 9% in the previous year.

Take up by sector  
Q3 2022 – Q2 2023



Source: Knight Frank Research

### MARKET VIEW

## Dearth of large-scale opportunities



BY IAIN MCPHAIL, PARTNER,  
LEEDS LOGISTICS & INDUSTRIAL  
AGENCY

“The inherent lack of good quality supply is still driving the market forward and will continue to do so through the next 12 months, as speculative schemes enter their final stages of construction, including Leeds Valley Park in Stourton and Prism Park in Wakefield.

However, there is a looming spectre in the medium term, as come the end of 2024, speculative development in the region will have largely dried up, due to the absence of any new institutional funding in the market since the latter half of 2022. There is still an appetite from cash-rich developers to enter the market with new build schemes, however, there is a dearth of large-scale opportunities due to a general reluctance from landowners to bring land to the market since the realignment of values from their peak in 2021.”



# Occupier Market

**978,200 sq ft**

Occupier take up  
H1 2023

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**3.0%**

Vacancy rate  
Q2 2023

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**£8.75 psf**

Prime rents  
Q2 2023

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**30%**

Prime annual rental growth

“The supply of new units remains tight, accounting for just 9.2% of the existing available stock”

## TIGHT SUPPLY OF NEW UNITS

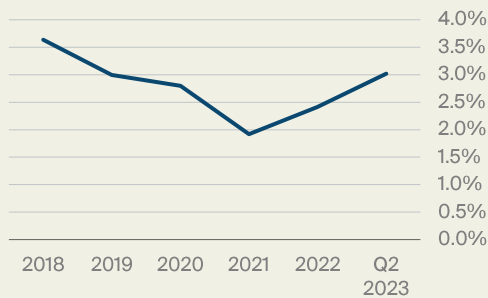
Despite the healthier level of take up, availability in the region increased by 26% in Q2 2023, to just under 2 million sq ft (units >50,000 sq ft). This increase is largely due to Sherburn 550, the 556,598 sq ft former L&G Homes facility which has become vacant. The vacancy rate therefore increased to 3.0% in Q2, from 2.4% in the previous quarter.

The supply of new units remains tight, accounting for just 9.2% of the existing available stock in three units, two of which are under offer. A further 1.4 million sq ft of space is under construction speculatively, across 12 units, with just one new development commencing in Q2 2023.

## RENTAL LEVELS & FUTURE OUTLOOK

Prime rents in the region continue to rise, due to the lack of immediately available stock combined with landlords and developers reflecting increased build costs, several interest rate hikes and softening investment yields within their appraisals. In both Leeds and Wakefield, prime rents for units over 50,000 sq ft rose by 6.1% in Q2 and by 30% YOY, to reach a new headline of £8.75 psf. Guide rents are expected to edge up to £8.95 psf towards the end of the year.

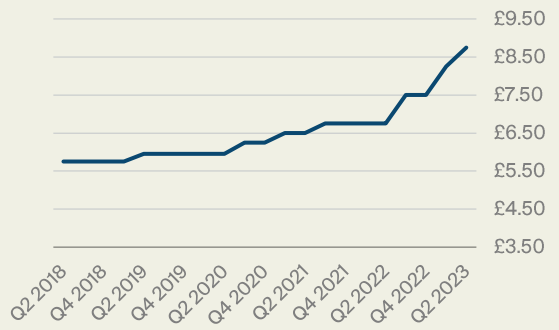
**Vacancy rate**  
% of stock



Source: Knight Frank Research

## Leeds - Prime Rents

£ per sq ft (units >50,000 sq ft)



Source: Knight Frank Research

“Prime rents in both Leeds for and Wakefield for units over 50,000 sq ft rose by 6.1% in Q2 2023, to £8.75 psf”

## Key Occupier Deals H1 2023

| PROPERTY   | SIZE (SQ FT) | OCCUPIER              | RENT (OR PURCHASE PRICE) | COMMENTS                  |
|--|--------------|-----------------------|--------------------------|---------------------------|
| Super B, Interchange 26, Cleckheaton               | 230,000      | Advanced Supply Chain | £7.50 psf                | Unconditionally Exchanged |
| Voltaic, Wakefield 41 Industrial Estate, Wakefield | 211,364      | XPO                   | TBC                      | Second-hand               |
| Unit 2, Prism Park, Glasshoughton, Wakefield       | 153,323      | IFCO                  | £8.25 psf                | Unconditionally Exchanged |
| Good Hope Close, Normanton Industrial Estate       | 63,980       | Apelson Appliances    | £7.00 psf                | Second-hand refurbished   |

Source: Knight Frank Research

# Investment Market

£54.1 million

Investment total  
H1 2023

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£11 million

Average lot size  
(last four quarters)

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48%

Investment by UK private property companies  
(last four quarters)

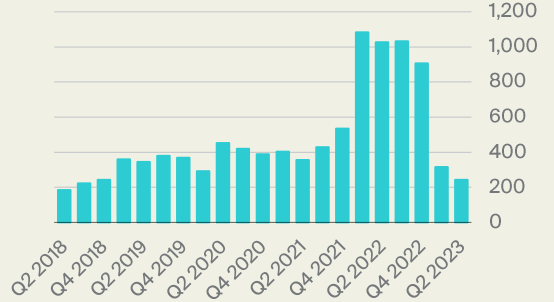
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5.50%

Prime yield  
Q2 2023

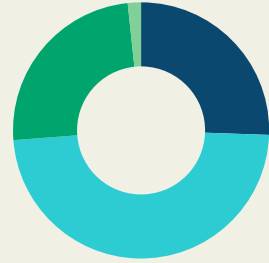
“Investment in the four quarters to end Q2 2023 totalled £242 million, 76% lower annually”

**Investment totals (£m)**  
(four quarter rolling)



Source: Knight Frank Research

**Investment by purchaser type**  
Q3 2022 – Q2 2023



- **UK institution:**  
26% of investment

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- **Listed Property Company:**  
0% of investment

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- **Private Property Company:**  
48% of investment

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- **Overseas Investor:**  
24% of investment

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- **Private/Other:**  
2% of investment

Source: Knight Frank Research

## INVESTMENT BELOW 5-YEAR AVERAGE

Investment into industrial property in West Yorkshire & the Humber has been notably slower in 2023 so far, with just eight deals totalling £54.1 million completing. In the four quarters to end Q2 2023, a total of £242 million transacted, 76% lower annually, and almost half that of the 5-year rolling annual average for the region.

Just under half of the volume invested over the past year was by UK property firms, 48%, up from 21% over the same period the previous year. UK institutions accounted for a further 26%.

Prime industrial yields in Leeds softened by 25bps in Q2, to 5.50%, in tandem with the outward shift of prime yields across most of the UK regional markets.

“Almost half of the volume invested over the past year was by UK property firms”

## Key Investment Deals

H1 2023

| PROPERTY                               | TOWN     | PRICE   | YIELD | PURCHASER              | VENDOR                         |
|--|----------|---------|-------|------------------------|--------------------------------|
| Birstall 140, Holden Ing Way           | Birstall | £10.35m | 7.25% | Arrow Capital Partners | Birstall 140 Ltd.              |
| LWS Yorkshire, Lockwood Court          | Leeds    | £9.65m  | 5.85% | Investcorp             | AEW UK REIT plc                |
| Iron Mountain/Prima House, Premier Way | Leeds    | £8m     | 6.40% | Cabot Properties       | First World Hybrid Real Estate |
| Unit 3, Benyon Park Way                | Leeds    | £7m     | 6.93% | Inflection Real Estate | Columbia Threadneedle          |

Source: Knight Frank Research

We like questions, if you've got one about our research,  
or would like some property advice, we would love to hear from you

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#### **Methodology**

This report has been prepared by Knight Frank Research.

Data and information within this report have been provided by Knight Frank occupier and investment teams across the Knight Frank UK network. Third party data sources are also utilised.

For the purposes of this report, take-up figures refer to spaces of 50,000 sq ft or more, that are let, pre-let or acquired for occupation.

Availability refers to all space available for immediate occupation as well as space under construction (built speculatively) that will be available for occupation within the next 12 months.

Investment figures refer to industrial property purchases where the primary motivation is the generation of income. Acquisitions for occupation are excluded. Land sales are included, where the end use of the land is known.



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